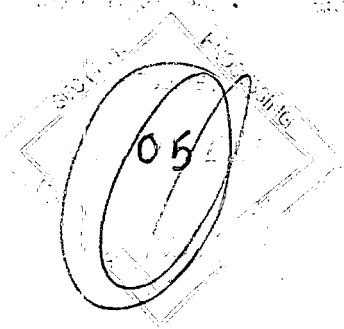


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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

N

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	January 31, 2007
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-50312

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 04/01/2005 AND ENDING 03/31/06  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: MICROTRADE NETWORKS, INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

18201 VON KARMAN, SUITE 960

(No. and Street)

IRVINE

(City)

CA

(State)

92612

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

MICHAEL GALEY

949-553-9111

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

GEORGE BRENNER

(Name - if individual, state last, first, middle name)

10630 W. PICO BLVD. SUITE 260 LOS ANGELES CA 90064

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

AUG 30 2006

THOMSON  
FINANCIAL

SECURITIES AND EXCHANGE COMMISSION	
RECEIVED	
JUN 5 2006	
BRANCH OF REGISTRATIONS AND EXAMINATIONS	
05	

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

BB

OATH OR AFFIRMATION

I, MICHAEL P. GAMERI, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MICROTRADE NETWORKS, INC, as of 3-31-2006, 20 06, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

*[Signature]*

Notary Public

*[Signature]*

Signature

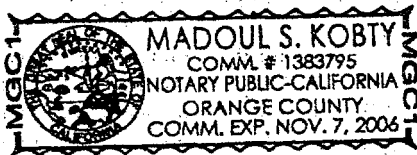
CEO

Title

This report \*\* contains (check all applicable boxes):

- ☐ (a) Facing Page.
- ☐ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



State of California  
County of Orange

Subscribed and sworn to (or affirmed)  
before me on this 21 day of June, 2006 by

Michael Peter Gameri  
personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

(seal) Signature *[Signature]*

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C.

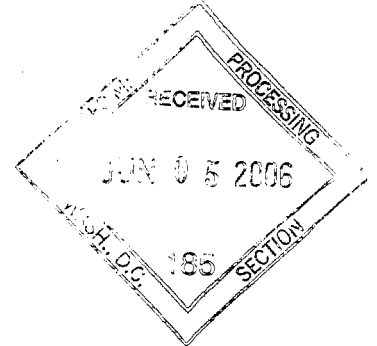
ANNUAL AUDIT REPORT

DATE -MARCH 31, 2006

MICROTRADE NETWORKS, INC.

18201 VON KARMAN, SUITE 450

IRVINE, CALIFORNIA 92612



BB

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### PART II

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**George Brenner, CPA**  
**A Professional Corporation**  
**10680 W. PICO BOULEVARD, SUITE 260**  
**LOS ANGELES, CALIFORNIA 90064**  
**310/202-6445 – Fax 310/202-6494**

**REPORT OF INDEPENDENT AUDITOR**

Board of Directors  
Microtrade Networks, Inc.  
Irvine, California 92612

I have audited the accompanying statement of financial condition of Microtrade Networks, Inc., as of March 31, 2006 and the related statements of loss, changes in shareholder's equity, and cash flows for the year then ended. These financial statements are being filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 and include the supplemental schedule of the net capital computation required by Rule 15c3-1. These financial statements are the responsibility of Microtrade Networks, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, such financial statements referred to above present fairly, in all material respects, the financial condition of Microtrade Networks, Inc. as of March 31, 2006 and the results of its operations and cash flows for the year then ended in conformity with the accounting principles generally accepted in the United States.



Los Angeles, California  
May 18, 2006

MICROTRADE NETWORKS, INC.  
STATEMENT OF FINANCIAL CONDITION  
MARCH 31, 2006

ASSETS

Cash	<u>\$ 7,068</u>
TOTAL ASSETS	<u>\$ 7,068</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Accounts Payable	\$ 0
State Income Tax Payable	<u>0</u>
TOTAL LIABILITIES	<u>0</u>

SHAREHOLDER'S EQUITY

Common Stock - 7,500,000 shares authorized; par value .001 per share, issued & outstanding 100,000 shares	100
Paid-In capital	66,600
Accumulated deficit	<u>( 59,632)</u>
TOTAL SHAREHOLDER'S EQUITY	<u>7,068</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>\$ 7,068</u>

See accompanying notes to financial statements

MICROTRADE NETWORKS, INC.  
STATEMENT OF (LOSS)  
FOR THE YEAR ENDED MARCH 31, 2006

REVENUES	\$ <u>0</u>
EXPENSES	
Regulatory Fees	\$ 1,440
License and Fees	250
SIPC	150
Professional Fees	874
Miscellaneous	<u>41</u>
TOTAL EXPENSES	<u>2,754</u>
Loss Before Tax Provision	2,754
PROVISION FOR INCOME TAXES	<u>912</u>
NET LOSS	<u>\$ 3,667</u>

See accompanying notes to financial statements

MICROTRADE NETWORKS, INC.  
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Common Stock</u>	<u>Paid In Capital</u>	<u>Accumulated Deficit</u>
Balance, April 1, 2005	\$ 100	\$ 62,100	\$ (55,965)
Capital Contributed		4,500	
Net (Loss)	_____	_____	( 3,667)
Balance, March 31, 2006	<u>\$ 100</u>	<u>\$ 66,600</u>	<u>\$ (59,632)</u>

See accompanying notes to financial statements



MICROTRADE NETWORKS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2006

OPERATING ACTIVITIES:

Net (Loss)	\$( 3,667)
Decrease in taxes payable	<u>( 800)</u>

CASH (REQUIRED) BY OPERATING ACTIVITIES	<u>( 4,467)</u>
---	-----------------

ACQUISITION ACTIVITIES	<u>0</u>
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INVESTING ACTIVITIES	
Capital Contributed	<u>4,500</u>

INCREASE IN CASH	33
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Cash: Beginning of the year	<u>7,035</u>
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Cash: End of the year	<u>\$ 7,068</u>
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SUPPLEMENTAL DATA

Interest Paid	<u>\$ 0</u>
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Income Tax	<u>\$ 912</u>
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NON MONETARY TRANSACTIONS	--
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See accompanying notes to financial statements

MICROTRADE NETWORKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 1 - ORGANIZATION**

Microtrade Networks, Inc. (the Company) is a registered broker-dealer incorporated under the laws of the State of California maintaining its principal and only office in Irvine, California. The Company operates pursuant to the (K)(2)(A) exemptive provision of the SEC Rule 15c3-3 and does not hold customer funds or securities. The Company was incorporated in April 27, 1997, and became a member of the NASD June 8, 1998. During the year ended March 31, 2006 the Company was inactive.

**NOTE 2 - NET CAPITAL REQUIREMENT**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital as defined under such provisions. At March 31, 2006 the Company had complied with the requirement. The computation of net capital requirements pursuant to Rule 15c3-1 appears on page 7.

**NOTE 3 - INCOME TAXES**

The Company has a Federal net operating loss (NOL) of approximately \$60,000 expiring at various dates through 2026. The state requires a minimum payment of \$800.

**NOTE 4 - CONCENTRATION OF CREDIT RISK**

The customers' securities transactions are introduced on a fully-disclosed basis with its clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers of the Company and is responsible for execution, collection and payment of funds, and receipt and delivery of securities relative to customers' transactions. Due to the possibility that the customers may charge any losses it incurs to the Company the Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and to ensure that customer transactions are executed properly by the clearing broker/dealer. To date the Company has been inactive, consequently no clearing broker has been engaged.

**NOTE 5 - USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 6 - EXEMPTION FROM THE SEC RULE 15c3-3**

Microtrade Networks, Inc., when active, is an introducing broker-dealer that clears all transactions with and for customers on a fully disclosed basis with an independent securities clearing company and promptly transmits all customer funds and securities to the clearing company, which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of the SEC Rule 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.

Therefore; Microtrade Networks, Inc. is exempt from provisions under the SEC Rule 15c3-3, Customer Protection – Reserves and Custody of Security under Rule 15c3-3 paragraph K 2 ii.

In addition, the Company is exempt from the Possession or Control Requirements under Rule 15c3-3 paragraph K 2 ii.

MICROTRADE NETWORKS, INC.  
COMPUTATION OF NET CAPITAL REQUIREMENTS PURSUANT  
TO RULE 15c3-1

MARCH 31, 2006

COMPUTATION OF NET CAPITAL

Total ownership equity from statement of financial condition	\$ 7,068
Less non allowable assets:	<u>    --    </u>
NET CAPITAL	<u>\$ 7,068</u>

COMPUTATION OF NET CAPITAL REQUIREMENTS

Minimum net capital required	
6-2/3 of total liabilities	\$ <u>    --    </u>
Minimum dollar net capital required	<u>\$ 5,000</u>
Net Capital required greater of above amounts	<u>\$ 5,000</u>
EXCESS CAPITAL	<u>\$ 2,068</u>
Excess net capital at 1000% (net capital) less 10% of aggregate indebtedness)	<u>\$ 7,068</u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities (from statement of financial condition)	\$ <u>    --    </u>
Percentage of aggregate indebtedness to net capital	<u>NA</u>
Percentage of debt to debt-equity to total computed in accordance with Rule 15c3-1(d)	<u>NA</u>

IRECONCILIATION

The following is a reconciliation, as of March 31, 2006 of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 17a-5(d)(4).

NONE REQUIRED

See accompanying notes to financial statements

PART II

MICROTRADE NETWORKS, INC.  
STATEMENT OF INTERNAL CONTROL  
MARCH 31, 2006

**George Brenner, CPA**  
**A Professional Corporation**  
**10680 W. PICO BOULEVARD, SUITE 260**  
**LOS ANGELES, CALIFORNIA 90064**  
**310/202-6445 – Fax 310/202-6494**

**REPORT OF INDEPENDENT AUDITOR  
ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

To the Board of Directors  
Microtrade Networks, Inc.  
Irvine, California 92612

In planning and performing my audit of the financial statements of Microtrade Networks, Inc. (the "Company") for the year ended March 31, 2006, I have considered its internal control structure, including procedures for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements, and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, I have made a study of the practice and procedures (including tests of compliance with such practices and procedures) followed by the Company that I considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. I did not review the practices and procedures followed by the Company: (1) in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13; (2) in complying with Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System; or (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above mentioned objectives. Two of the objectives of an internal control structure and the practices procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

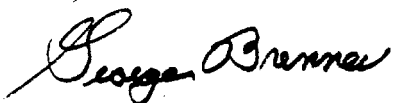
Rule 17a-5(g) lists additional objectives of the practice and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with them may deteriorate.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under the standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relationship to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted no matters involving the accounting system and control procedures that I consider to be material weaknesses as defined above. In addition, the Company, was in compliance with the exemptive provisions of Rule 15c3-3 as of March 31, 2005 and no facts came to my attention indicating that such conditions had not been complied with during the year then ended.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on my study, I believe that the Company's practices and procedures were adequate at March 31, 2005 to meet the Commission's objectives.

This report is intended solely for the use of the Board of Directors, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc., and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934, and should not be used for any other purpose.



Los Angeles, California  
May 18, 2006